

KEY INFORMATION SUMMARY SHEET

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



Request for Proposals No. S00R5400001 Sub-Servicer for DHCD Single Family Housing Loans

Procurement Officer: Michael Conaway
410-514-7148
(FAX) 410-987-4676
conaway@mdhousing.org

Submit Proposals to: Department of Housing and Community Development
Attention: Michael Conaway
100 Community Place
Crownsville, Maryland 21032-2023

For directions, click on “Contact Us” on the DHCD website
<http://www.mdhousing.org/Website/home/index.aspx>

Solicitation Issue Date: April 28, 2014

Pre-Proposal Conference: May 15, 2014 at 1:30 p.m. local time

Closing Date and Time: May 29, 2014 at 2:00 p.m. local time

Anticipated Contract Start: September 2014

NOTICE

Prospective Offerors who have received this document from a source other than the Issuing Office should immediately contact the Issuing Office and provide their name and mailing address so that any amendments to the RFP and other communications may be sent to them.

Minority Business Enterprises and Small Businesses are encouraged to respond to this Solicitation.

STATE OF MARYLAND

NOTICE TO VENDORS/CONTRACTORS

To help us improve the quality of State solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes to provide comments and suggestions regarding the enclosed solicitation. Please return your comments with your bid/proposal or, if you have chosen not to respond, fax the completed form to 410-987-4676.

1. If you have responded with a “no bid” please indicate the reasons below:
 - ☐ Other commitments preclude our participation at this time.
 - ☐ The subject of the Contract is not something we normally provide.
 - ☐ We are inexperienced in the work/commodities required.
 - ☐ Specifications are unclear, too restrictive, etc. (Please Explain in Remarks Section)
 - ☐ The scope of work is beyond our current capacity.
 - ☐ Doing business with Government is simply too complicated. (Please Explain in Remarks Section)
 - ☐ We cannot be competitive. (Explain in Remarks Section)
 - ☐ Time allotted for bid/proposal is insufficient.
 - ☐ Start-up time is insufficient.
 - ☐ Bonding/Insurance requirements are prohibitive. (Explain in Remarks Section)
 - ☐ Bid/Proposal requirements (other than specifications) are unreasonable or too risky. (Explain in Remarks Section)
 - ☐ MBE requirements (Explain in REMARKS section)
 - ☐ Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. (Explain in Remarks Section)
 - ☐ Payment schedule is too slow.
 - ☐ Other: _____
2. If you have submitted a bid or proposal, but wish to offer suggestions or express concerns, please use the Remarks section below. (Use reverse or attach additional pages as needed.)

REMARKS: _____

Vendor Name: _____ Date _____

Contact Person: _____ Phone _____

Address: _____

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ATTACHMENTS:

- A. Contract Terms**
- B. Bid/Proposal Affidavit**
- C. Contract Affidavit**
- D. Minority Business Enterprise Participation**
- E. Living Wage Attachment**
- E-1 Living Wage Affidavit**
- F. Investments in Iran**
- G. Location of Performance of Services**
- H. Price Proposal**

EXHIBITS

- I. DHCD Single Family Servicing Manual , which is comprised of the following documents that are available on DHCD’s website under the following links**
<http://www.dhcd.state.md.us/Website/Programs/SFO/Default.aspx>
 - DHCD Single Family Servicing Manual (PDF) (updated 02/2014)
 - DHCD Single Family Servicing Manual Appendix (PDF)
 - Amendments To DHCD Servicing Manual (Amendments 1 - 5)

SECTION 1. PROPOSAL INFORMATION

1.1 PURPOSE

The Maryland Department of Housing and Community Development (DHCD), a principal department of the State of Maryland (State), is seeking Offerors experienced in the field of single family loan servicing to submit proposals outlining in detail their ability to serve as sub-servicer for single family housing loans funded in connection with the issuance of revenue bond and subordinate loans funded with other sources. It is DHCD's intention to award contracts to up to two (2) Offerors whose proposals are determined to be the most advantageous to the State and DHCD.

As Sub-Servicer the successful Offeror shall maintain records, collect and remit payments, collect and manage escrows (including the payment of insurance and taxes), respond to borrowers' inquiries, perform loss mitigation, recommend and participate in foreclosure, process claims, and engage in other activities described in the Contract and the DHCD Single Family Servicing Manual (the "DHCD Servicing Manual"), attached as Exhibit I.

1.2 ABBREVIATIONS AND DEFINITIONS

For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:

- a. **Business Day(s)** – The official Working Days of the week to include Monday through Friday. Official Working Days exclude State Holidays (see definition of "Normal State Business Hours" below).
- b. **COMAR** – Code of Maryland Regulations available on-line at www.dsd.state.md.us.
- c. **Contract** – The Contract awarded to the successful Offeror pursuant to this RFP. The Contract will be in the form of **Attachment A**.
- d. **Contract Commencement** - The date the Contract is signed by the Department following any required approvals of the Contract, including approval by the Board of Public Works, if such approval is required. See Section 1.4.
- e. **Contract Monitor (CM)** – The State representative for this Contract who is primarily responsible for Contract administration functions, including issuing written direction, invoice approval, monitoring this Contract to ensure compliance with the terms and conditions of the Contract, monitoring MBE compliance, and achieving completion of the Contract on budget, on time, and within scope.
- f. **Contractor** – The selected Offeror that is awarded a Contract by the State.
- g. **Department or (DHCD)** – Department of Housing and Community Development.
- h. **eMM** – eMaryland Marketplace (see RFP Section 1.8).
- i. **Local Time** – Time in the Eastern Time Zone as observed by the State of Maryland. Unless otherwise specified, all stated times shall be Local Time, even if not expressly designated as such.

- j. **Minority Business Enterprise (MBE)** – Any legal entity certified as defined at COMAR 21.01.02.01B(54) which is certified by the Maryland Department of Transportation under COMAR 21.11.03.
- k. **Mortgage Backed Securities (MBS)** - is a type of asset backed security that is secured by a mortgage, or a collection ("pool") of mortgages.
- l. **Maryland Mortgage Program (MMP)** - a home loan program that provides low interest rates, mortgage education and down payment and closing cost assistance.
- m. **Normal State Business Hours** - Normal State business hours are 8:00 a.m. – 5:00 p.m. Monday through Friday except State Holidays, which can be found at: www.dbm.maryland.gov – keyword: State Holidays.
- n. **Notice to Proceed (NTP)** – A written notice from the Procurement Officer that, subject to the conditions of the Contract, work under the Contract is to begin as of a specified date. The start date listed in the NTP is the Go Live Date, and is the official start date of the Contract for the actual delivery of services as described in this solicitation. After Contract Commencement, additional NTPs may be issued by either the Procurement Officer or the Department Contract Manager regarding the start date for any service included within this solicitation with a delayed or non-specified implementation date.
- o. **Offeror** – An entity that submits a Proposal in response to this RFP.
- p. **Procurement Officer** – Prior to the award of any Contract, the sole point of contact in the State for purposes of this solicitation. After Contract award, the Procurement Officer has responsibilities as detailed in the Contract (Attachment A), including being the only State representative who can authorize changes to the Contract. The Department may change the Procurement Officer at any time by written notice to the Contractor.
- q. **Proposal** – As appropriate, either or both of an Offeror’s Technical or Financial Proposal.
- r. **Request for Proposals (RFP)** – This Request for Proposals issued by the Department, Solicitation Number S00R5400001 dated April 24, 2014, including any addenda.
- s. **State** – The State of Maryland.
- t. **Total Proposal Price** - The Offeror’s total proposed price for services in response to this solicitation, included in the Financial Proposal with Attachment F – Price Form, and used in the financial evaluation of Proposals (see RFP Section 5.3).
- u. **Veteran-owned Small Business Enterprise (VSBE)** – a business that is verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs as a veteran-owned small business. See Code of Maryland Regulations (COMAR) 21.11.13.
- v. **Working Day(s)** – Same as “Business Day(s).”

1.2 ISSUING OFFICE AND PROCUREMENT OFFICER

The sole point of contact in the State for purposes of this Request for Proposals (RFP) is the Procurement Officer at the Issuing Office address listed below:

Michael Conaway
Department of Housing and Community Development
100 Community Place, Room 2.619
Crownsville, Maryland 21032-2023
Telephone: 410-514-7148
Fax: 410-987-4676
E-mail: conaway@mdhousing.org

This RFP is also available on DHCD's website in PDF format:
<http://www.dhcd.state.md.us/Website/procure/procure.aspx>.

1.3 PROCUREMENT METHOD

This Contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

1.4 QUESTIONS

Questions will be accepted from prospective Offerors and should be submitted in a timely manner to the Procurement Officer only. E-mail submission of questions is preferable, but questions will also be accepted by mail or facsimile to the Procurement Officer.

The Procurement Officer will decide whether an answer can be given before the closing date, based on the availability of time to research and communicate an answer. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all offerors who are known to have received a copy of this RFP.

1.5 PROPOSAL SUBMISSION REQUIREMENTS AND DEADLINE

An unbound, clearly marked original and four (4) copies of the Technical Proposal, in a separate sealed envelope marked "Multifamily Appraisal Services – Technical Proposal" and an unbound, clearly marked original and four (4) copies of the Price Proposal in a separate sealed envelope marked "Multifamily Appraisal Services" must be received at the Issuing Office no later than the date and time listed on the Key Information Summary Sheet, in order to be considered, except as provided in COMAR 21.05.02.10. The original shall be clearly identified and shall bear the original signature of the individual authorized to commit the firm.

Requests for an extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt at the Issuing Office. Proposals submitted by e-mail or facsimile will not be accepted. Opened proposals will not be returned to Offerors.

1.6 PRE -PROPOSAL CONFERENCE

A pre-proposal conference will be held at DHCD, 100 Community Place Crownsville, Maryland 21032 at the date and time listed on the Key Information Summary Sheet. While attendance at the pre-proposal conference is not mandatory, information discussed may be significant. Therefore, all interested parties are encouraged to attend in order to better prepare proposals. In addition, attendance may facilitate the offeror's understanding and ability to meet the established Minority Business Enterprise (MBE) goal.

1.7 MULTIPLE OR ALTERNATE PROPOSALS

Neither multiple nor alternate proposals will be accepted.

1.8 DURATION OF OFFER

Proposals submitted in response to this RFP are irrevocable for a period of one hundred twenty (120) days following the closing date. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

1.9 MANDATORY CONTRACTUAL TERMS

By submitting a proposal in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the standard contract terms and conditions, included as Attachment A. Any exceptions to this RFP, or Attachment A attached, must be clearly identified in the Executive Summary submitted with the Technical Proposal. A proposal that takes exception to these terms may not be reasonably susceptible of being selected for award.

1.10 INCORPORATION OF RFP AND PROPOSAL

The applicable sections of this RFP and the successful Offeror's proposal shall be incorporated into the resulting contract.

1.11 BID/PROPOSAL AFFIDAVIT AND RESIDENT AGENT

Offerors must submit a completed Bid/Proposal Affidavit, Attachment B, with their Technical Proposal. If an item on this Affidavit is not applicable, please indicate so. All blanks are to either contain an answer or a Not Applicable designation.

Additionally, in order to legally conduct business within the State of Maryland, all corporate entities must appoint and maintain a Resident Agent who receives legal process and other communications on behalf of the entity.

The failure to register and designate a Resident Agent may foreclose or hinder the company's ability to legally enter into contracts and gain access to the state courts. Moreover, it may subject the company to monetary, civil, and possibly criminal sanctions. Also, failure to maintain a Resident Agent may cause your company to fall out of "good standing" within the State. This will subject your license to do business within the State to forfeiture, with monetary penalties assessed to reinstate your company to a "good standing."

1.12 CONTRACT AFFIDAVIT

All Offerors are advised that if a contract is awarded as a result of this solicitation, the successful Offeror will be required to complete and submit to the Procurement Officer a Contract Affidavit confirming that all statements made on the Bid/Proposal Affidavit (Attachment B) remain true and correct in all respects as of the date of the Contract. A copy of this Affidavit is included for informational purposes as Attachment C of this RFP.

1.13 CONFLICT OF INTEREST

Each Offeror warrants that there are no relevant facts or circumstances that give rise or will give rise to a conflict of interest. Offerors shall disclose by certification, as part of their technical proposal, that there exists no conflict of interest between the Contractor and/or analyst(s) and any owner of an assisted or unassisted affordable multifamily rental housing, as defined above, in the market areas. The successful Offeror who is awarded the Contract has a continuing obligation to disclose to DHCD the above information through the term of the Contract.

The Procurement Officer will make a determination as to whether a conflict of interest exists. If it is determined that there is a conflict of interest, and that conflict of interest can not be resolved, the Procurement Officer may reject the offer under COMAR 21.06.02.03B. If a conflict arises during the term of the Contract, the Department reserves the right, in its sole discretion, to terminate the Contract if the conflict can not be resolved to DHCD's satisfaction.

1.14 REVISIONS TO THE RFP

If it becomes necessary to revise this RFP, amendments will be provided to all prospective Offerors that were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Failure to acknowledge receipt does not relieve the Offeror from complying with all terms of any such amendment.

1.15 RFP CANCELLATION / REJECTION

The State reserves the right to cancel this RFP at any time prior to contract award pursuant to COMAR 21.06.02.02. The State also reserves the right to accept or reject any and all proposals, in whole or in part, received in response to this RFP and to waive or permit cure of minor irregularities in any manner necessary to serve the best interests of the State of Maryland. Offerors whose proposals are not accepted will be notified in writing.

1.16 INCURRED EXPENSES

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal or in performing any other activities relative to this solicitation.

1.17 ECONOMY OF PREPARATION

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's ability to meet the requirements of this RFP.

1.18 PROTESTS/DISPUTES

Any protests or disputes related respectively to this solicitation or the resulting Contract shall be subject to the provisions of COMAR 21.10, Administrative and Civil Remedies.

1.19 USE OF EMARYLAND MARKETPLACE

e-Maryland Marketplace is an electronic commerce system administered by the Maryland Department of General Services. In addition to using the DHCD web site (www.mdhousing.org) and other means for transmitting the RFP and associated materials, the solicitation and minutes of the pre-bid/proposal conference, Offeror questions and DHCD responses, addenda, and other solicitation related information may be provided via e-Maryland Marketplace.

This means that all such information is immediately available to organizations that subscribe to e-Maryland Marketplace. Because of the instant access afforded by e-Maryland Marketplace, it is recommended that all Offerors interested in doing business with Maryland State agencies subscribe to e-Maryland Marketplace, free of charge.

1.20 MINORITY BUSINESS ENTERPRISES (MBE)

- A. A Minority Business Enterprise (MBE) subcontractor participation goal of 15% has been established for this procurement. The successful Offeror shall structure its subcontracts in a good-faith effort to achieve that goal using businesses certified by the State of Maryland as minority owned and controlled. During the term of the Contract, the successful Offeror is prohibited from changing the Minority Enterprise Utilization Plan as submitted (per Section 1.19 B below) without the prior written consent of DHCD.
- B. MBE requirements are specified in Attachment D of this RFP. Subcontractors used to meet the MBE goal in this RFP shall be identified using Attachment D-1, which **must** be completed, signed and submitted with each bid or proposal. **Proposals submitted without this attachment completed and fully executed shall be deemed not reasonably susceptible of contract award.**
- C. A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, P. O. Box 8755, B.W.I. Airport, Maryland 21240-0755; phone number is 410-865-1244. The directory is also available at <http://www.mdot.state.md.us>; select the *MBE Program* label. The most current and up-to-date information on MBEs is available via the website.
- D. Minority Business Enterprises are encouraged to respond to this solicitation as prime contractors. MBE vendors are encouraged to obtain MBE certification from the Maryland Department of Transportation, Office of Minority Business Enterprise. Direct all certification-related questions to:

Office of Minority Business Enterprise
Maryland Department of Transportation
P.O. Box 8755
BWI Airport, Maryland 21240-0755
(410) 859-7328
http://www.mdot.state.md.us/MBE_Program/
- E. Maryland-certified minority contractors shall include the certification number on the Price Proposal. Prime contractors who are themselves MBE-certified must meet the MBE subcontract participation goal.
- F. By its response to this solicitation, the Offeror acknowledges the MBE subcontract participation goal and affirms that the approved MBE participation level is a contract deliverable to be performed by one or more certified MBEs. During the term of the contract, the successful Offeror shall comply with the Minority Enterprise Utilization Plan described in Attachment D.

1.21 ACCESS TO PUBLIC RECORDS ACT NOTICE

Offerors should give specific attention to the clear identification of those portions of their proposal that are considered confidential, proprietary commercial information or trade secrets,

and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. This information is to be placed after the Title Page and before the Table of Contents of the respective proposal to facilitate public inspection of the non-confidential portion of the proposal. Respondents are advised that, upon request for this information from a third party, DHCD is required to make an independent determination whether the information may be disclosed (see COMAR 21.05.08.01).

1.22 ARREARAGES

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland. This includes the payment of taxes and employee benefits. The Offeror shall not become so in arrears during the term of the Contract if selected for contract award.

1.23 VERIFICATION OF REGISTRATION AND TAX PAYMENT

Before a corporation can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration prior to the due date for receipt of proposals. An Offeror's failure to complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for contract award.

1.24 RECIPROCAL PREFERENCE

The provisions of State Finance and Procurement Article Section 14-401 and COMAR 21.05.01.04 shall apply to this solicitation. If applicable, a nonresident Offeror submitting an offer for this solicitation shall attach to the offer a copy of the current statute, resolution, policy, procedure, or executive order of the resident state for the nonresident Offeror that pertains to that state's treatment of nonresident Offerors for similar services. A preference shall be identical to the preference that the other state gives to its residents.

1.25 FALSE STATEMENTS

Offerors are advised that section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

- A. In connection with a procurement contract a person may not willfully:
 - (1) falsify, conceal, or suppress a material fact by any scheme or device;
 - (2) make a false or fraudulent statement or representation of a material fact;
 - (3) use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
- B. Aiding or conspiring with others – A person may not aid or conspire with another person to commit an act under subsection (A) of this section.
- C. Penalty – A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

1.26 ELECTRONIC FUNDS TRANSFER

By submitting a response to this solicitation, the Offeror agrees to accept payments by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form. Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption. The COT/GAC X-10 Vendor Electronic Funds Registration Request Form may be downloaded from: <http://compnet.comp.state.md.us/gad/pdf/GADX-10.pdf>.

1.27 SMALL BUSINESSES

Although this is not a Small Business Reserve procurement, small businesses are encouraged to respond to this solicitation and to register with the Maryland Department of General Services for the Maryland Small Business Reserve Program through a self-certification process at <https://www.smallbusinessreserve.maryland.gov/registration/>.

A "Small Business" is defined as a business, other than a broker, that meets the following criteria:

- The business is independently owned and operated;
- The business is not a subsidiary of another business;
- The business is not dominant in its field of operation;
- The wholesale operations of the business did not employ more than 50 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;
- The retail operations of the business did not employ more than 25 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;
- The manufacturing operations of the business did not employ more than 100 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;
- The service operations of the business did not employ more than 100 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years; and
- The construction operations of the business did not employ more than 50 persons, and the gross sales of the business did not exceed an average of \$7,000,000 in its most recently completed 3 fiscal years.

If a business has not existed for three years, the gross sales average is computed for the period of the business's existence. For newly formed businesses the determination will be based upon employment levels and projected gross sales.

A Small Business is not the same as a Minority Business Enterprise, but a business can be both if it has been certified by the Maryland Department of General Services as a Small Business and has been certified by the Maryland Department of Transportation Minority Business Enterprise Program as a Minority Business Enterprise.

1.28 OFFEROR RESPONSIBILITIES

The selected Offeror shall be responsible for all products and services required by this RFP. All subcontractors must be identified and a complete description of their role relative to the Proposal must be included in the Offeror's Proposal. If applicable, subcontractors utilized in meeting the established MBE or VSBE participation goal(s) for this solicitation shall be identified as provided in the appropriate Attachment(s) of this RFP (see Section 1.33 "Minority Business Enterprise Goals" and Section 1.41 "Veteran-Owned Small Business Enterprise Goals.").

If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror, including but not limited to references, financial reports, or experience and documentation (e.g. insurance policies, bonds, letters of credit) used to meet minimum qualifications, if any, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's Proposal shall contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

A parental guarantee of the performance of the Offeror under this Section will not automatically result in crediting the Offeror with the experience and/or qualifications of the parent under any evaluation criteria pertaining to the Offeror's experience and qualifications. Instead, the Offeror will be evaluated on the extent to which the State determines that the experience and qualification of the parent are transferred to and shared with the Offeror, the parent is directly involved in the performance of the Contract, and the value of the parent's participation as determined by the State.

1.29 SUBSTITUTION OF PERSONNEL

A. Continuous Performance of Key Personnel

Unless substitution is approved per paragraphs B-D of this section, key personnel shall be the same personnel proposed in the Contractor's Technical Proposal, which will be incorporated into the Contract by reference. Such identified key personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the Technical Proposal. Key personnel may not be removed by the Contractor from working under this Contract, as described in the RFP or the Contractor's Technical Proposal, without the prior written approval of the Contract Monitor.

If the Contract is task order based, the provisions of this section apply to key personnel identified in each task order proposal and agreement.

B. Definitions

For the purposes of this section, the following definitions apply:

Extraordinary Personal Circumstance – means any circumstance in an individual's personal life that reasonably requires immediate and continuous attention for more than fifteen (15) days and that precludes the individual from performing his/her job duties under this Contract. Examples of such circumstances may include, but are not limited to: a sudden leave of absence to care for a family member who is injured, sick, or incapacitated; the death of a family member, including the need to attend to the estate or

other affairs of the deceased or his/her dependents; substantial damage to, or destruction of, the individual's home that causes a major disruption in the individual's normal living circumstances; criminal or civil proceedings against the individual or a family member; jury duty; and military service call-up.

Incapacitating – means any health circumstance that substantially impairs the ability of an individual to perform the job duties described for that individual's position in the RFP or the Contractor's Technical Proposal.

Sudden – means when the Contractor has less than thirty (30) days' prior notice of a circumstance beyond its control that will require the replacement of any key personnel working under the Contract.

C. Key Personnel General Substitution Provisions

The following provisions apply to all of the circumstances of staff substitution described in paragraph D of this section.

1. The Contractor shall demonstrate to the Contract Monitor's satisfaction that the proposed substitute key personnel have qualifications at least equal to those of the key personnel for whom the replacement is requested.
2. The Contractor shall provide the Contract Monitor with a substitution request that shall include:
 - A detailed explanation of the reason(s) for the substitution request;
 - The resume of the proposed substitute personnel, signed by the substituting individual and his/her formal supervisor;
 - The official resume of the current personnel for comparison purposes; and
 - Any evidence of any required credentials.
3. The Contract Monitor may request additional information concerning the proposed substitution. In addition, the Contract Monitor and/or other appropriate State personnel involved with the Contract may interview the proposed substitute personnel prior to deciding whether to approve the substitution request.
4. The Contract Monitor will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Monitor will not unreasonably withhold approval of a requested key personnel replacement.

D. Replacement Circumstances

1. Voluntary Key Personnel Replacement

To voluntarily replace any key personnel, the Contractor shall submit a substitution request as described in paragraph C of this section to the Contract Monitor at least fifteen (15) days prior to the intended date of change. Except in a circumstance described in paragraph D.2 of this clause, a substitution may not occur unless and until the Contract Monitor approves the substitution in writing.

2. Key Personnel Replacement Due to Vacancy

The Contractor shall replace key personnel whenever a vacancy occurs due to the sudden termination, resignation, leave of absence due to an Extraordinary Personal Circumstance, Incapacitating injury, illness or physical condition, or death of such personnel. (A termination or resignation with thirty (30) days or more advance notice shall be treated as a Voluntary Key Personnel Replacement as per Section D.1 of this section.).

Under any of the circumstances set forth in this paragraph D.2, the Contractor shall identify a suitable replacement and provide the same information or items required under paragraph C of this section within fifteen (15) days of the actual vacancy occurrence or from when the Contractor first knew or should have known that the vacancy would be occurring, whichever is earlier.

3. Key Personnel Replacement Due to an Indeterminate Absence

If any key personnel has been absent from his/her job for a period of ten (10) days due to injury, illness, or other physical condition, leave of absence under a family medical leave, or an Extraordinary Personal Circumstance and it is not known or reasonably anticipated that the individual will be returning to work within the next twenty (20) days to fully resume all job duties, before the 25th day of continuous absence, the Contractor shall identify a suitable replacement and provide the same information or items to the Contract Monitor as required under paragraph C of this section.

However, if this person is available to return to work and fully perform all job duties before a replacement has been authorized by the Contract Monitor, at the option and sole discretion of the Contract Monitor, the original personnel may continue to work under the Contract, or the replacement personnel will be authorized to replace the original personnel, notwithstanding the original personnel's ability to return.

4. Directed Personnel Replacement

- a. The Contract Monitor may direct the Contractor to replace any personnel who are perceived as being unqualified, non-productive, unable to fully perform the job duties due to full or partial Incapacity or Extraordinary Personal Circumstance, disruptive, or known, or reasonably believed, to have committed a major infraction(s) of law, agency, or Contract requirements. Normally, a directed personnel replacement will occur only after prior notification of problems with requested remediation, as described in paragraph 4.b. If after such remediation the Contract Monitor determines that the personnel performance has not improved to the level necessary to continue under the Contract, if at all possible at least fifteen (15) days notification of a directed replacement will be provided. However, if the Contract Monitor deems it necessary and in the State's best interests to remove the personnel with less than fifteen (15) days' notice, the Contract Monitor can direct the removal in a timeframe of less than fifteen (15) days, including immediate removal.

In circumstances of directed removal, the Contractor shall, in accordance with paragraph C of this section, provide a suitable replacement for approval within fifteen (15) days of the notification of the need for removal, or the actual removal, whichever occurs first.

- b. If deemed appropriate in the discretion of the Contract Monitor, the Contract Monitor shall give written notice of any personnel performance issues to the Contractor, describing the problem and delineating the remediation requirement(s). The Contractor shall provide a written Remediation Plan within ten (10) days of the date of the notice and shall implement the Remediation Plan immediately upon written acceptance by the Contract Monitor. If the Contract Monitor rejects the Remediation Plan, the Contractor shall revise and resubmit the plan to the Contract Monitor within five (5) days, or in the timeframe set forth by the Contract Monitor in writing.

Should performance issues persist despite the approved Remediation Plan, the Contract Monitor will give written notice of the continuing performance issues and either request a new Remediation Plan within a specified time limit or direct the substitution of personnel whose performance is at issue with a qualified substitute, including requiring the immediate removal of the key personnel at issue.

Replacement or substitution of personnel under this section shall be in addition to, and not in lieu of, the State's remedies under the Contract or which otherwise may be available at law or in equity.

1.30 PROMPT PAY POLICY

This procurement and the Contract(s) to be awarded pursuant to this solicitation are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs (GOMA) and dated August 1, 2008. Promulgated pursuant to Md. Code Ann., State Finance and Procurement Article, §§ 11-201, 13-205(a), and Title 14, Subtitle 3, and COMAR 21.01.01.03 and 21.11.03.01, the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The Contractor must comply with the prompt payment requirements outlined in the Contract, Section 23 "Prompt Payment of Subcontractors" (see **Attachment A**). Additional information is available on GOMA's website at: http://goma.maryland.gov/Legislation%20Docs/PROMPTPAYMENTFAQs_000.pdf

1.31 FEDERAL FUNDING ACKNOWLEDGEMENT

This Contract does not contain Federal funds.

SECTION 2. CONTRACT INFORMATION

2.1 PARTIES TO THE CONTRACT

The contract entered into as a result of the response to this RFP shall be by and between the successful Offeror as Contractor and DHCD, and shall include the terms and conditions of Attachment A of this RFP and generally the provisions of this RFP. Any exceptions must be clearly identified in the Executive Summary section of the Technical Proposal. Attachment A is included for information only and is not to be submitted with the Offeror's proposal.

2.2 CONTRACT TERM

The contract resulting from this RFP shall commence after all appropriate State approvals have been obtained, and shall extend for a period of five (5) years.

2.3 CONTRACT TYPE

The Contract awarded as a result of this solicitation shall be an indefinite quantity contract as defined by COMAR 21.06.03.06 A (2) with unit prices of a fixed price type.

2.4 SCOPE OF CONTRACT

It is anticipated that work to be performed and the services to be provided by the Contractor will consist of the items described in Section 4 this of RFP.

2.5 COMPENSATION AND METHOD OF PAYMENT

1. Compensation for Loan Servicing. As compensation for servicing the single family mortgage loans assigned by DHCD to the Contractor, the Contractor shall receive a monthly servicing fee on each mortgage loan serviced under the Contract equal to the dollar amount per property as reflected on the Contractor's Attachment F. Payment will be at either the Fixed Flat Fee rate, or the Tiered Loan Status rate, as established in the Contract. For no additional charge, the Contractor shall service any subordinate loan, grant, and rider (the "associated loans") funded or purchased by CDA or DHCD with respect to a borrower(s) for a particular property. The first mortgage and all associated loans to a borrower(s) shall collectively be counted as one (1) mortgage loan for the purposes of calculating the servicing fee. **Monthly servicing fees will be paid for each property regardless of the number of loans to a borrower(s) for the property.**

The Contractor shall bill CDA for each month's servicing fees calculated in accordance with Contract terms and as directed in the DHCD Servicing Manual.

As additional compensation, the Contractor may collect from the borrower and retain appropriate late fees not in excess of the limits described in the loan documents and permitted by law and fees for processing (e.g. fax, copies, document prep and recording, etc.). All fees that the Contractor intends to charge the borrowers should be described in the Technical Proposal, Section 5.2, Tab 10, Cost to the Borrower.

2.6 INTEREST EARNED ON BORROWER'S ESCROW ACCOUNTS

Interest earned on a borrower's escrow account shall be paid to the borrower.

2.7 ACCOUNTING RECORDS

The Contractor will be required to maintain its books, records and other evidence pertaining to servicing of the loans pursuant to the Contract, in accordance with generally accepted accounting principles, the Contract, and the DHCD Servicing Manual. These records shall be available to DHCD and any authorized representatives acting on behalf of DHCD and the State at all reasonable times during the contract period and for five (5) years after the date of final payment.

2.8 ANNUAL AUDIT

The Contractor shall submit, on an annual basis, the following:

1. Financial Statements of the Contractor audited by an independent Certified Public Accounting firm; and
2. As part of the annual audit of the financial statements, a management letter detailing the auditor's written comments on the Contractor's accounting system and system of internal accounting and administrative controls.

The audited financial statements and the management letter of the Contractor will be due to DHCD no later than 120 calendar days after the close of the Contractor's fiscal year. Documents are to be submitted to DHCD's Single Family Compliance Unit as described in the DHCD Servicing Manual.

DHCD will review the audited financial statements and the report of the independent auditors to ascertain that the auditors have issued an unqualified opinion on the Contractor's financial statements. If the independent auditor issues an opinion of the Contractor's financial statements other than unqualified, the Contractor will be required to submit to DHCD within the following 30 calendar days an explanation of the reason for the opinion and a corrective action plan to resolve the deficient condition which resulted in such an opinion. DHCD reserves the right to accept or reject the submitted corrective action plan contingent upon a determination of the potential effect of the deficient condition on the Contractor's performance in complying with the terms of the contract. If DHCD determines that a corrective action plan submitted by the Contractor will not adequately resolve the deficient condition, payments by DHCD to the Contractor as required by the contract may be delayed until DHCD receives a satisfactory plan. If at any point DHCD determines, in its sole discretion, that the Contractor is unwilling or unable to submit a suitable plan for correcting deficiencies the Contract may be terminated.

DHCD will review the management letter as prepared by the independent auditors to ascertain that the Contractor has the necessary and proper accounting systems and controls in place. If the independent auditor issues any findings and recommendations in the Contractor's management letter, the Contractor will be required to submit to DHCD within the following 30 calendar days a response to the auditor's comments and a corrective action plan to implement the recommendation of the auditors. DHCD reserves the right to accept or reject the submitted corrective action plan contingent upon a determination of the potential effect of the finding on the Contractor's performance in complying with the terms of the contract. If DHCD determines that a corrective action plan submitted by the Contractor will not adequately resolve the finding and fully address the recommendation, compensation by DHCD of the Contractor as required by the contract may be delayed until DHCD receives a satisfactory plan.

2.9 CONTRACTOR RESPONSIBILITIES

The Contractor will assume sole responsibility for all work to be performed under their Contract and will be the sole point of contact for DHCD with regard to contractual matters.

2.10 WORK PRODUCTS

All products, including work papers, draft documents, notes, calculations and all other written materials regarding the engagements prepared under the terms of this contract are the property of the State of Maryland, and shall be delivered at the end of the contract in a form useable to DHCD.

2.11 INDEMNIFICATION

The Contractor agrees to indemnify and hold harmless DHCD and the State from all liability which may hereafter be incurred by reason of dissemination, publication, distribution, or circulation in any manner whatsoever of any information, data, or records pertaining in any way to the contract by the Contractor and its employees.

2.12 LOSS OF DATA

In the event of loss of any State data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the Procurement Officer.

2.13 CONFIDENTIALITY

The Contractor agrees that all documents and materials, including but not limited to, reports, correspondence, studies, estimates, tests, photographs, or other materials relating to properties monitored pursuant to this contract shall not be shared with third parties, other than the project owner or its duly authorized agents, without the prior written consent of the Contract Monitor.

2.14 LIVING WAGE REQUIREMENTS

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Attachment E entitled Living Wage Requirements for Service Contracts). **If the Offeror fails to submit and complete the Affidavit of Agreement, the State may determine an Offeror to be not responsible.**

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum amount set by law for the applicable Tier Area. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The contract resulting from this solicitation will be deemed to be a Tier 1 contract or a Tier 2 contract depending on the location(s) from which the contractor provides 50% or more of the services. If the contractor provides 50% or more of the services from a location(s) in a Tier 1

jurisdiction(s) the contract will be a Tier 1 contract. If the contractor provides 50% or more of the services from a location(s) in a Tier 2 jurisdiction(s), the contract will be a Tier 2 contract. If the contractor provides more than 50% of the services from an out-of-State location, then the contract will be deemed to be a Tier 1 contract. The Offeror must identify in their Offer the location(s) from which services will be provided.

2.15 LIQUIDATED DAMAGES

This Contract requires the Contractor to make good faith efforts to comply with the Minority Business Enterprise (“MBE”) Program and contract provisions. The State and the Contractor acknowledge and agree that the State will incur damages, including but not limited to loss of goodwill, detrimental impact on economic development, and diversion of internal staff resources, if the Contractor does not make good faith efforts to comply with the requirements of the MBE Program and MBE contract provisions. The parties further acknowledge and agree that the damages the State might reasonably be anticipated to accrue as a result of such lack of compliance are difficult to ascertain with precision.

Therefore, upon a determination by the State that the Contractor failed to make good faith efforts to comply with one or more of the specified MBE Program requirements or contract provisions, the Contractor agrees to pay liquidated damages to the State at the rates set forth below. The Contractor expressly agrees that the State may withhold payment on any invoices as a set-off against liquidated damages owed. The Contractor further agrees that for each specified violation, the agreed upon liquidated damages are reasonably proximate to the loss the State is anticipated to incur as a result of such violation.

1. Failure to submit each monthly payment report in full compliance with COMAR 21.11.03.13B (3): \$25.15 per day until the monthly report is submitted as required.
2. Failure to include in its agreements with MBE subcontractors a provision requiring submission of payment reports in full compliance with COMAR 21.11.03.13B (4): \$ 88.04 per MBE subcontractor.
3. Failure to comply with COMAR 21.11.03.12 in terminating, canceling, or changing the scope of work/value of a contract with an MBE subcontractor and/or amendment of the MBE participation schedule: the difference between the dollar value of the MBE participation commitment on the MBE participation schedule for that specific MBE firm and the dollar value of the work performed by that MBE firm for the Contract.
4. Failure to meet the Contractor’s total MBE participation goal and sub-goal commitments: the difference between the dollar value of the total MBE participation commitment on the MBE participation schedule and the MBE participation actually achieved.
5. Failure to promptly pay all undisputed amounts to an MBE subcontractor in full compliance with the prompt payment provisions of this Contract: \$94.33 per day until the undisputed amount due to the MBE subcontractor is paid.

Notwithstanding the use of liquidated damages, the State reserves the right to terminate the contract and exercise all other rights and remedies provided in the Contract or by law.

SECTION 3. MINIMUM QUALIFICATIONS

The following qualifications must be met to be considered for contract award:

A. Loan Sub Servicer. The Offeror shall:

1. Be Fannie Mae, Federal Housing Administration (FHA), Freddie Mac approved, and not be currently subject to any investor/insurer/guarantor imposed probation, penalty, or limitation. The Offeror must have approval for FHA direct endorsement underwriting for qualifying assumptions.
2. Be a Sub Servicer who has for the past five years serviced a single-family portfolio of at least 10,000 loans. The portfolio serviced by the Offeror must have included FHA, the United States Department of Veterans Affairs (VA), Rural Housing Service (RHS), conventional private mortgage insurance companies and privately insured loans.
3. Have in effect at the time of proposal submission an errors and omissions policy providing coverage in an amount acceptable to Fannie Mae.
4. Have in effect at the time of proposal submission a fidelity bond providing coverage in an amount acceptable to Fannie Mae.
5. Be licensed with the Maryland Department of Labor, Licensing and Regulations (DLLR) to conduct mortgage servicing operations in the State of Maryland, unless a subsidiary of a federally regulated mortgage company.

For providing proof of Minimum Qualifications, refer to section 5.2 B Tab 1.

SECTION 4. SCOPE OF SERVICES

4.1 BACKGROUND - LOAN SUB SERVICER

The Department of Housing and Community Development (DHCD) is a cabinet level department of Maryland State Government. The Community Development Administration (CDA) is the agency within DHCD charged with the issuance of bonds and the origination of loans funded in connection with the issuance of bonds. DHCD is seeking the services of a sub-servicer for single family loans funded in conjunction with the issuance of revenue bonds and subordinate loans funded with other sources. Bogman, Inc. and M&T Bank currently provide services as the Primary Sub-Servicers for DHCD; the newly contracted sub-servicer(s) should be prepared to service a portion, or all, of the Community Development Administration (CDA or the "Administration") single family loan portfolio. Prospective Offerors are strongly encouraged to review the DHCD Single Family Servicing Manual (the "Manual"), which is attached as Exhibit I to this RFP, for detailed procedures regarding the servicing of current and delinquent loans.

The majority of the single family mortgage loans that are the primary subject of this RFP are existing loans in CDA's loan portfolio, which were originated by participating lenders and purchased by CDA from the proceeds made available in connection with the issuance of bonds

by CDA. Additional loans that are the subject of this RFP may include the underlying originated by participating lenders and CDA that will be pooled and securitized into MBS. There will also be some loans newly originated that will become part of CDA's single family whole loan portfolio.

CDA and DHCD also make purchase riders, grants, and loans ("Associated Loans") made in connection with the first mortgage. Depending on the program, the Associated Loans may have: (a) deferred payments; (b) amortizing payments; (c) deferred payments with forgiveness; or (d) other payment arrangements. The Contractor may also be responsible for servicing the Associated Loans.

DHCD or CDA may also assign its interest in a loan while retaining the servicing rights. Any loans for which the Contractor is designated to be the servicer will be serviced in the name of the Contractor, but CDA will retain ownership and all servicing rights to those loans (Whole Loan Portfolio). The Contractor may also service loans in which CDA may or may not own MBS while retaining its servicing rights (MBS Portfolio). If the assignee of a DHCD or CDA loan has more stringent or onerous servicing requirements than DHCD and the Contractor is unable to service the assigned loans for the same flat fee, Contractor will not be obligated to service such loans. In the event the Contractor is unable to service the assigned loans for the same flat fee, DHCD may choose to service the loans, obtain the services of another contractor or amend the contract in accordance with State procurement law.

As of December 31, 2013 the CDA portfolio consisted of 12,930 whole loans with a principal balance of \$1,547,255,764, of which 95% of these whole loans had DHCD State loans or Associated Loans on these properties. The Associated Loans mainly consist of zero percent (0%) deferred payment loans which are due upon sale or refinance and deferred payment grant riders which are forgiven after several years. CDA is no longer offering the deferred payment grant riders but the Contractor will be expected to service the existing riders.

The schedule, number of loans, and the timing of the transfers of loans to the Contractor will be determined by DHCD/CDA in its sole discretion, and will be based, among other factors, on the ability of the current servicer to transfer loans and the Contractor to accept them. In the event DHCD or CDA assigns its interest in a mortgage loan, the Contract shall continue to cover and govern the loans so assigned with the same force and effect as if the assignee or any such loans were DHCD.

4.2 SCOPE OF SERVICES - Loan Sub Servicer

The Contractor shall:

- A. Provide all services described in Section 4 of this RFP in a manner consistent with standard industry practice, applicable State and Federal laws (including the CFPB 2013 Mortgage Rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), Truth in Lending Act (Regulation Z), and any future amendments to these rules), insurer/guarantor guidelines, and the Manual, which may be amended from time to time in the sole discretion of DHCD.
- B. Comply with other industry requirements (such as, but not limited to Fannie Mae/Ginnie Mae requirements) should CDA initiate a new bond funded program.

- C. Produce and mail a monthly statement indicating the status of the borrower's loan to each borrower. The Contractor shall be able to provide this service for each borrower both manually and electronically.
- D. Apply industry standards of proper collection and application of payments.
- E. Perform the depositing of all Administration funds in insured custodial accounts identified and invested in a manner acceptable to the Administration.
- F. Apply industry standards to the maintenance of and making of all applicable payments from mortgagor escrow accounts.
- G. Remit actual loan payments and prepayments in the form and manner required by the Administration.
- H. Produce and submit reports relating to remittances, delinquencies, exceptional matters and other reports as required by the Administration in the form and manner required by the Administration including electronic submissions.
- I. Apply industry standards to the maintenance and enforcement of applicable hazard insurance.
- J. Provide the necessary maintenance, availability and delivery of required records and data in accordance with this Contract and the Manual.
- K. Apply industry standards to the sending of late notices, collections of late fees and notices of default.
- L. Perform loss mitigation efforts in accordance with the requirements of the mortgage insurer or guarantor and/or the Administration, as appropriate.
- M. Perform the processing of defaulted loans in accordance with the requirements of the mortgagor insurer or guarantor and/or the Administration as appropriate.
- N. Discharge or release of Deeds of Trust per industry standards.
- O. Comply with all applicable requirements of primary and pool mortgage insurers/guarantors.
- P. Apply industry standards to the processing of assignments and assumptions.
- Q. With the permission of the Administration, provide borrowers with the ability to purchase insurance coverage for disabilities, mortgage life insurance and illness, job loss, major property system repairs or other similar insurance products.
- R. If requested to perform MBS sub servicing, service mortgage loans in total accordance with the guidelines set forth by one or more of the following as updated: Fannie Mae (please refer to the Fannie Mae Single Family 2012 Servicing Guide), Freddie Mac (please refer to the Freddie Mac Single Family Seller/Servicer Guide), Ginnie Mae (please refer to Ginnie Mae Mortgage-Backed Securities Guide), mortgagor insurer,

Administration (the Manual), standard industry practice and appropriate state and federal laws.

4.3 ADDITIONAL SERVICES - Loan Sub Servicer

A. Servicing Loans with Riders and Multiple Loans on One Property, Type of Loans

1. In cases where DHCD extends or has extended to a borrower multiple loans (including but not limited to first lien with payments, second lien interest bearing or interest free deferred loans, loans with multiple sources of payments and multiple loans with one source of payment or multiple loans with multiple sources of payment), loans with riders, fixed rate or step rate loans with interest-only periods followed by amortization periods, the Contractor shall service all such loans collectively for the fee established for servicing CDA's current portfolio, i.e. one fee per property regardless of number of loans, types of loans and sources of payment. If the CDA first mortgage becomes decoupled from the property, the remaining loan(s) may be transferred to another servicer at the direction of DHCD. CDA's MMP portfolio consists of fixed rate 30-year and 40-year amortizing loans and loans with initial 5- and 7-year interest only periods followed by 23, 30 and 33 year amortization periods in its portfolio. CDA may start new loan programs with various types of loan structures. The Contractor is expected to ensure its capabilities are adequate to carry out the successful servicing of all existing and new loan products for the agreed upon one fee per property.
2. CDA may also originate loans which will be sold to other investors where CDA will retain the servicing rights. The Contractor will service these loans for CDA under the terms of this Contract.

B. Loans Covered Under This Contract.

DHCD may at its discretion transfer existing loans within the portfolio to the awardee. The Contractor will have sixty (60) calendar days from the date of notification by DHCD that loans are to be transferred to the Contractor to set up the loans in the Contractor's database for payment billing and processing. This applies to the initial and any subsequent transfers of loans that DHCD may require to be transferred to the Contractor during the term of the Contract. The Contractor will be required to accept and service all single-family housing loans transferred to the Contractor by DHCD regardless of status, including payment or delinquency status. The Contractor will not be required to pay a servicing transfer fee to any previous servicer for any loans transferred to the Contractor at the direction of DHCD. Loans that are foreclosed prior to the transfer date will not be transferred to Contractor, unless the foreclosure is voided at a later date.

C. Transfer of Newly Originated Loans.

The Contractor will follow the investor and the Manual guidelines for new loan set up. Any new loans that DHCD designates the Contractor as the servicer are expected to be transferred by the originating lenders to the Contractor within fifteen (15) business days of purchase by CDA. The Contractor will review the set up package for each newly originated loan transferred to determine that documentation and funding required by CDA have been

delivered. The Contractor shall work with the originating lender to rectify any deficiencies in the loan set up package and report monthly to DHCD all loans on which issues with the loan packages are unresolved.

D. Subcontracting Services under Reimbursable Expenses.

The Contractor is strongly encouraged to subcontract with Maryland certified Minority Business Enterprise (MBE) companies for the provision of services for which DHCD reimburses the Contractor. These services are described in the DHCD Single Family Servicing Manual, Section 9 – Mortgage Insurance Claims and Escrow Reimbursement, B. 2 and B.3, Reimbursement of Sub-servicer expenses.

Use of MBE subcontractors for these will count toward the MBE subcontracting participation goal described under Section 1.20 of the RFP. The Contractor must complete the proper MBE forms and return them with their submitted RFP Proposal.

E. Data Maintenance.

The Contractor shall maintain a loan servicing system/database that contains fields and processes to include daily electronic interfaces to perform all of the services outlined in this RFP and the Manual. The Contractor shall comply with all Fannie Mae/Ginnie Mae reporting requirements if applicable. The report formats included in the Manual reflect current data field requirements but may not include the data fields required by Ginnie Mae or Fannie Mae for data uploads. These additional report formats, if needed, are the responsibility of the Contractor. There are, however, periodic enhancements to DHCD's software applications (collectively known as "Single Family System") currently used to manage and process the data applications. These enhancements may expand the necessary data fields and reporting requirements. The additional data fields/reporting requirements being added at this time includes, but is not limited to: Fannie Mae/Ginnie Mae delinquency status, Fannie Mae/Ginnie Mae delinquency reason, and property occupancy code. It is possible that DHCD's data maintenance and reporting needs, as outlined in this RFP and the DHCD Servicing Manual, may require additional changes over the term of this Contract. It will be the responsibility of the Contractor to comply with the requested changes by the specified deadline and at no cost to DHCD.

F. Software Applications.

1. Additional changes or enhancements to DHCD's software applications during the life of the contract may necessitate, with appropriate notice, changes to the loan portfolio reporting and data transmission requirements. The Contractor will be expected to make any necessary changes to software applications by the specified deadline and at no cost to DHCD.
2. DHCD is currently running Microsoft Office 2010. Any word processing or spreadsheet files created and transmitted to DHCD by the Contractor must be in a compatible format. The current single family software system is AOD/Emphasys. It is the Contractor's responsibility to remain compatible with DHCD software throughout the term of the contract and at no cost to DHCD.

G. Reporting and Data Transmissions.

1. The Contractor shall provide reports or data as required by DHCD during the Contract term. More detail on current report and data transmission requirements can be found in the Manual, attached as Exhibit I. The format, medium, delivery method, and timing for all required reports and data transmissions will be at the discretion of DHCD. DHCD, within its sole discretion and with appropriate notice, may change the form, substance, medium, and/or timing of any existing reports and data transmissions or may require new reports or data that it deems necessary.
2. It is the Contractor's responsibility to submit all required reports and data through the form of communication established by DHCD and at no cost to DHCD. The standard methods used by DHCD currently include hardcopy reports or electronic files sent as an e-mail attachment or other portable media. Currently, loan servicers are required to electronically submit to DHCD exception-based data on the loan portfolio. The data supplied is an ASCII data file (see the Manual). The unencrypted ASCII file must be delivered to a designated DHCD mail account as an e-mail attachment by the specified deadline. Future methods of communication could include, but are not limited to, secure FTP or alternative Internet access. It is the Contractor's responsibility to remain compatible with the Department's communication methods, which may change from time-to-time, throughout the term of the contract.
3. When electronically transmitting required reports or data, the Contractor must comply with DHCD's established remote communication security and privacy policies as outlined in the Manual. When applicable, the Contractor may be required by DHCD to secure files transmitted via the Internet. If encryption software is necessary to ensure protection of sensitive data, the Contractor will be required to supply such software at no cost to DHCD.

H. Access to Data.

1. The Contractor shall provide a secure Internet web site for all CDA borrowers to access their mortgage account information. The web site must provide means to authenticate users and to protect and ensure privacy of personal information. The web site shall not incur any fees associated with its use over and above the normal cost to the borrower of their ISP provider and normal telephone/cable connection costs. Information accessible on the site should include, but not be limited to:
 - a. Payment history;
 - b. Outstanding current principal balance;
 - c. Escrow account balance and disbursements;
 - d. Form 1098 information; and
 - e. On-line mortgage payment capability at no cost to borrower.
2. The Contractor also is required to provide a secure Internet web site for DHCD to access mortgage account information on all DHCD loans. The web site must provide means to authenticate users and to protect and ensure privacy of personal information. The web site should not have any fees associated with its use over and

above the normal cost to DHCD of its ISP provider and normal telephone/cable connection costs. Information accessible on the site should include, but not be limited to:

- a. Transaction history, including last payment posted, interest paid to date, and next payment due dates;
- b. Collections activity and notes to include loan modification or refinancing history;
- c. Reporting (with flexible sorts) of delinquent loans at any point after the previous month closeout, including history of late fee billing and collection;
- d. Payoff amount with per diem;
- e. Outstanding principal balance; and
- f. Escrow account balance and transactions.

I. Telephone Access.

The Contractor shall provide toll free telephone service for CDA borrowers so that borrowers may access servicing staff, obtain loan data, and make payments

J. Payment Processing and Remittances.

1. The Contractor shall be responsible for remitting principal and interest payments, prepayments, and other funds as may be specified by CDA for all loans in the Contractor's assigned portfolio. These remittances will be submitted in the form, within timeframes and to the trustee identified by CDA and described in the Manual.
2. The Contractor shall use the services of a professional lock box company operating according to mortgage servicing industry standards

K. Loss Mitigation and Mortgage Insurance Claims.

1. Loss Mitigation. The Contractor shall pursue a wide range of loss mitigation efforts that are consistent with DHCD's goal of providing its customers with a successful home ownership experience. The Manual describes the standard loss mitigation process, including options that, under specific circumstances, may be offered to delinquent borrowers. The Contractor is expected to perform loss mitigation functions at consistently high quality and to meet all loss mitigation requirements of the insurer/guarantor, investor and also state and federal laws.
2. Claims/Property Management. The Contractor shall be responsible for the filing and following up of all claims on Foreclosure/Short Sale and Deed-in-Lieu cases and meet all the claims processing and submission requirements of the insurer/guarantor. Monthly reports shall be provided to DHCD detailing all claims filing and follow-up actions. The Contractor shall also be responsible for all post-foreclosure property preservation activity until a claim is paid and property conveyed to Real Estate Owner or the FHA/VA

L. Operating Hours.

The Contractor, at a minimum, shall have customer service and collection staff available by telephone to borrowers and DHCD staff between the hours of 8:00 AM and 8:00 PM Eastern Time, Monday through Friday. The Contractor shall have an automated banking system/ interactive voice recognition system (IVR) available 24 hours a day, 7 days a week.

M. Timely Response.

The Contractor shall respond within two business days to all telephone and written inquiries from DHCD representatives.

N. Fidelity Bond.

The Contractor shall maintain in effect, throughout the term of the Contract, a fidelity bond providing coverage in an amount acceptable to Fannie Mae. The bond shall, without limitation, provide coverage for any fraudulent misappropriation of funds by the Contractor or employees of the Contractor. DHCD shall be named as a loss payee on all such fidelity bonds.

O. Errors and Omissions Insurance.

1. The Contractor shall maintain in effect, throughout the term of the Contract, errors and omissions policies providing coverage in an amount acceptable to Fannie Mae. Errors and Omissions policies must insure against losses resulting from negligence and mistakes in maintaining required hazard, flood and mortgage insurance or failure to pay real estate taxes or other special assessments. DHCD shall be named as a loss payee on all such errors and omissions policies.
2. The Contractor will not be held responsible for errors and omissions of previous originating lenders and/or servicers provided that the Contractor reports the error and/or omission to CDA Finance within 48 hours of its discovery. The Contractor will make reasonable efforts to assist DHCD in collecting damages from the lender or servicer responsible for the error and/or omission.

P. Loan Transfer Fee upon Contract Termination.

If DHCD should opt to terminate the Contract for cause or convenience (see Attachment a Contract Terms) the Contractor shall cooperate with DHCD and any new sub-servicer designated by DHCD to assign and transfer all loans being serviced at the time. This includes, but is not limited to all documents, files, books and records regarding the loans, whether in written or electronic form. Said transfer of loans, books and records shall be completed within 60 calendar days of notification from DHCD. In the case of termination for cause, the Contractor will receive no fee for transferring said loans. In the case of termination for convenience, DHCD will pay the Contractor a transfer fee of \$10 per CDA loan being serviced by the Contractor at the time the contract is terminated. The transfer fee shall be paid upon the successful transfer to and reconciliation by any subsequent servicer of the CDA loans.

Q. Loan Transfer at Contract End.

The Contractor shall cooperate with DHCD and any new sub-servicer hired by DHCD to assign and transfer all loans being serviced at the conclusion of the contract. This includes, but is not limited to all documents, files, books and records regarding the loans whether in written or electronic form. Said transfer of loans and books and records shall be completed within 60 calendar days of notification from DHCD. Contractor shall be reimbursed after the successful transfer and presentation of an invoice to DHCD for expenses incurred in the transfer of said loans and records up to an amount not to exceed \$10,000.

R. Warranties.

The Contractor will warrant that its performance will meet or exceed standards of the industry and will be consistent with the Manual, which may be modified from time to time. Failure to meet these performance standards may result in damages or punitive action as described in the Manual and or the termination of the Contract. The Contractor also will be required to make CDA and DHCD whole for any financial loss resulting from a failure on the Contractor's part to meet DHCD, insurer/guarantor, or other industry standards.

S. Licensing.

For the duration of the Contract, the Contractor shall maintain Maryland Department of Labor, Licensing, and Regulation (DLLR) licensing to conduct mortgage servicing operations in the State of Maryland, unless the Contractor is a subsidiary of a federally regulated mortgage company. The Contractor will also maintain Fannie Mae/Ginnie Mae, and FHA approvals as per Section 3A. The Contractor shall notify DHCD immediately of any changes in status, resolve all issues, and restore the license and/or approval status as appropriate.

T. DHCD Contract Monitor.

After contract award and throughout the course of the project, the Contract Monitor listed below will schedule the Contractor's work, review the Contractor's work as it is submitted, monitor the performance of the Contractor and approve Contractor invoices for payment.

DHCD Servicing Manager: Allen Cartwright, Director Single Family Operations, or designee

4.4 PROBLEM ESCALATION PROCEDURE

- A. The Contractor must provide and maintain a Problem Escalation Procedure (PEP) for both routine and emergency situations. The PEP must state how the Contractor will address problem situations as they occur during the performance of the Contract, especially problems that are not resolved to the satisfaction of the State within appropriate timeframes.

The Contractor shall provide contact information to the Contract Monitor, as well as to other State personnel, as directed should the Contract Monitor not be available.

- B. The Contractor must provide the PEP no later than ten (10) Business Days after notice of Contract award or after the date of the Notice to Proceed, whichever is earlier. The PEP, including any revisions thereto, must also be provided within ten (10) Business Days after the

start of each Contract year and within ten (10) Business Days after any change in circumstance which changes the PEP. The PEP shall detail how problems with work under the Contract will be escalated in order to resolve any issues in a timely manner. The PEP shall include:

- The process for establishing the existence of a problem;
- The maximum duration that a problem may remain unresolved at each level in the Contractor's organization before automatically escalating the problem to a higher level for resolution;
- Circumstances in which the escalation will occur in less than the normal timeframe;
- The nature of feedback on resolution progress, including the frequency of feedback to be provided to the State;
- Identification of, and contact information for, progressively higher levels of personnel in the Contractor's organization who would become involved in resolving a problem;
- Contact information for persons responsible for resolving issues after normal business hours (e.g., evenings, weekends, holidays, etc.) and on an emergency basis; and
- A process for updating and notifying the Contract Monitor of any changes to the PEP.

Nothing in this section shall be construed to limit any rights of the Contract Monitor or the State which may be allowed by the Contract or applicable law.

4.5 SOC 2 TYPE II AUDIT REPORT

The Contractor shall have an annual audit performed by an independent audit firm of its handling of the Department's critical functions and/or sensitive information, which is identified as significant banking functions such as handling of settlements, mortgage loan payments, escrow accounts, custody, clearing, mortgage insurance claims, hazard insurance claims, maintaining mortgage and hazard insurance in force, ability to interface with Trustee and the Department's software systems; security procedures to insure database systems, web sites, reports, e-mails, and hard copy files that contain sensitive borrower information are protected for credit fraud risk and in compliance with Appendix F – DHCD Communication Security and Privacy Policies and the DHCD Single Family Servicing Manual. (collectively referred to as the "Information Functions and/or Processes"). Such audits shall be performed in accordance with audit guidance: *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)* as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or similarly-recognized professional organization, as agreed to by the Department, to assess the security of outsourced client functions or data (collectively, the "Guidance") as follows:

- A. The type of audit to be performed in accordance with the Guidance is a SOC 2 Type II Report. The SOC 2 Report shall be completed annually at the following intervals: April 1st for the preceding calendar year.
- B. The SOC 2 Report shall report on a description of the Contractor's system and the suitability of the design and operating effectiveness of controls of the Information Functions and/or Processes relevant to the following trust principles: Processing Integrity, Security, Availability, Confidentiality, and/or Privacy as defined in the Guidance.

- C. The SOC 2 Report shall include work performed by subcontractors that provide essential support to the Contractor for the Information Functions and/or Processes for the services provided to the Department under the Contract. The Contractor shall ensure the performance of the SOC 2 Audits includes its subcontractor(s).
- D. All SOC 2 Audits, including the SOC 2 Audits of Contractor's subcontractors, shall be performed at the Contractor's expense.
- E. The Contractor shall promptly provide a complete copy of the final SOC 2 Report to the Department's Contract Manager upon completion of each SOC 2 Audit engagement.
- F. The Contractor shall provide to the Department's Contract Manager, within 30 calendar days of the issuance of the final SOC 2 Report, a documented corrective action plan which addresses each audit finding or exception contained in the SOC 2 Report. The corrective action plan shall identify in detail the remedial action to be taken by the Contractor along with the date(s) when each remedial action is to be implemented.
- G. If the Contractor currently has an annual information security assessment performed that includes the operations, systems, and repositories of the Information Functions and/or Processes services being provided by the Contractor to the Department under the Contract, and if that assessment generally conforms to the content and objective of the Guidance, the Department will determine in consultation with appropriate State government technology and audit authorities whether the Contractor's current audits are acceptable in lieu of the SOC 2 Report(s).

If the Contractor fails during the Contract term to obtain an annual SOC 2 Report by April 1 for the preceding calendar year, the Department shall have the right to retain an independent audit firm to perform an audit engagement to issue a SOC 2 Report of the Information Functions and/or Processes being hosted by the Contractor. The Contractor agrees to allow the independent audit firm to access its facility/ies for purposes of conducting this audit engagement(s), and provide reasonable support to the independent audit firm in the performance of the engagement. The Department will invoice the Contractor for the expense of the SOC 2 Audit(s), or deduct the cost from future payments to the Contractor.

SECTION 5. PROPOSAL FORMAT

5.1 GENERAL

The Offeror's Technical Proposal should be prepared in a straightforward and concise manner, detailing the Offeror's capabilities to satisfy the requirements of this RFP and should conform to the Outline listed below.

5.2 TECHNICAL PROPOSAL

A. General:

Offerors must submit, under separate cover, a clearly marked unbound original and four (4) bound copies of the Technical Proposal in a separate sealed envelope titled "Sub-Servicer for DHCD Single Family Housing Loans– Technical Proposal."

Offerors should include a transmittal letter on the Offeror's stationery, signed by an individual who is authorized to bind the company to all statements in the proposal and the services and requirements as stated in the RFP.

B. Outline of sections to be included in the Technical Proposal:

Table of Contents

Tab 1 – Minimum Qualifications

The Offeror shall demonstrate that it meets the qualifications outlined in Section 3 by:

- A. Providing evidence that it is Fannie Mae , FHA, and Freddie Mac approved, is not currently subject to any investor/insurer/guarantor imposed probation, penalty, or limitation, and has FHA approval for direct endorsement underwriting for qualifying assumptions;
- B. Demonstrating that over the past five (5) years it has serviced a single-family portfolio meeting the requirements of Section 3.A.2;
- C. Providing a copy of its current errors and omissions insurance certificate of coverage for its existing portfolio acceptable to Fannie Mae;
- D. Providing a copy of its current fidelity bond providing coverage in an amount acceptable to Fannie Mae; and
- E. Providing evidence it is licensed with the Maryland Department of Labor, Licensing and Regulations (DLLR) to conduct mortgage servicing operations in the State of Maryland, if required. If not required, Provide evidence that it is a subsidiary of a federally regulated mortgage company.

Tab 2 – Executive Summary

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled “Executive Summary.” The summary shall provide a broad overview of the Offeror’s understanding of the contents of the RFP and of the how the Offeror’s proposal meets the scope of services outlined in Section 4. If any addendum or amendments have been issued to this RFP, the Offeror shall acknowledge same in this section.

Any exceptions to this RFP or the terms and conditions outlined in Attachment A or any other attachment must be clearly identified in this section. Exceptions may result in the proposal being rejected or being determined not reasonably susceptible of being selected for award.

Tab 3 – Required Submissions

- A. Bid/Proposal Affidavit (Attachment B) – completed and signed by an individual authorized to bind the Offeror. All questions are to be answered on Attachment B. If a question is not applicable please indicate so.
- B. MBE Form, Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1 to Attachment D of the RFP) – completed and signed by an individual authorized to bind the Offeror. **If the Offeror fails to complete and submit this form with the Technical**

Proposal as required, the Procurement Officer shall determine that the proposal is not reasonably susceptible of being selected for award.

C. Maryland Living Wage Requirements Affidavit of Agreement (Attachment E-1).

D. Investments in Iran (Attachment G).

E. Location of Performance of Services (Attachment H).

Tab 4 –Experience

A. Servicing Experience. The Offeror shall provide a detailed description of its most recent three year history servicing single family residential loans, including:

1. A description of the size (number and dollar volume of loans) of the Offeror's single family residential loan portfolio as of 12/31 for each of the last five years;
2. A breakdown of loans serviced by mortgage insurer/guarantor as of 12/31 for each of the last five years; and
3. A breakdown of loans serviced by investor, with particular emphasis on the number of loans serviced for State Housing Finance Agencies, as of 12/31 for each of the last five years.
4. If applicable, a breakdown of GNMA/FNMA securitized loans for each of the last five (5) years.

B. Corporate References. The Offeror shall provide the names, addresses, and telephone numbers of at least three current or recent (within three years) clients of the Offeror that may be contacted as references. DHCD reserves the right to contact any known client of an Offeror and other entities (Dunn & Bradstreet, investment rating agencies, etc.) to ascertain the performance and general reputation of the Offeror.

C. State Contracts. The Offeror shall list all contracts with any entity of the State of Maryland that it is currently performing or which has been completed within the last five years. For each identified contract the Offeror is to provide in its Technical Proposal:

1. The State contracting entity;
2. A brief description of the services/goods provided;
3. The dollar value of the contract;
4. The term of the contract;
5. The State employee contact person (name, title, telephone number and if possible e-mail address); and
6. Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

The Procurement Officer or a designee may contact the identified State agencies or the most appropriate ones if many contracts are involved, to ascertain the Offeror's level of performance of State contracts.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the RFP.

Tab 5 – Financial Soundness

The Offeror shall provide evidence of financial soundness to carry out this Contract in the form of audited financial statements for the last five (5) years, including a certification by the Chief Financial Officer, or equivalent officer, that the statements are accurate and reliable.

Tab 6 – Approach to Services

The Offeror shall describe its approach to services including, but not limited to, discussion of:

- A. How the Offeror will maintain consistency with standard industry practice, state and federal laws, insurer/guarantor requirements, client requirements and compliance with GNMA/FNMA servicing guidelines;
- B. How the Offeror will ensure successful servicing of all existing and new loan products, including servicing loans with riders and multiple loans on one property, while maintaining a flat fee;
- C. The Offeror's capacity to accept/service additional loans, including detailed discussion of the integration of single family loans into the Offerors's portfolio in the past five years and the hiring and training of additional staff and system and data conversion issues;
- D. How the Offeror proposes to handle the routine transfer of loans;
- E. How the Offeror would handle the transfer of loans on an emergency basis;
- F. The Offeror's approach to loss mitigation, including:
 - 1. A discussion of how this is consistent with DHCD's stated philosophy of desiring a successful homeownership experience for borrowers;
 - 2. A list of any awards, bonuses, and/or recognition received for loss mitigation activities;
 - 3. Monthly delinquency and foreclosure rates for the Offeror's single family portfolio for the past five years, including a breakdown of loss mitigation activities successfully completed (including forbearances, deeds-in-lieu, partial claims, loan modifications, short sales, etc.) for each year;
- G. Routine reports including providing (1) a descriptive list and sample of routine reports

currently provided by the Offeror to investors and other designated outside parties such as GNMA/FNMA for whom the Offeror services single family residential loans, and (2) a description of the methods by which these reports are transmitted (sample reports should not contain sensitive data, but must make clear the type and nature of data reported by the Offeror); and.

- H. Software currently in use in the servicing of its single family residential loan portfolio and an analysis of the Offeror's capacity to integrate its system software with that of DHCD as well as GNMA/FNMA.
- I. A copy of all written servicing policies and procedures manuals and employee training manuals.
- J. How the offeror will handle MBE's under Section 4.3.D.

Tab 7 – Organization and Key Personnel

- A. Organizational Chart. Provide an organizational chart that includes details of specific units performing work under the Contract.
- B. Resumes of Key Personnel. Provide resumes of Key Personnel to be assigned by the Contractor to service DHCD loans. Resumes should include industry experience, tenure with the company and time in current position.

Tab 8 – Agency Performance Rating

- A. FHA Audits. The Offeror shall provide:
 - 1. A copy of its FHA claims audit and tier rating for the past five years; and
 - 2. A copy of other relevant audits (i.e. GNMA/FNMA, and the VA.)

Tab 9 –Accessibility to Borrowers and Investors

The Offeror shall address the accessibility of its staff and data to borrowers and investors, including a discussion of:

- 1. Its use of technology, including access to staff and data over the Internet and telephone, and the availability of a toll-free telephone service for borrowers;
- 2. Borrower method of payment options (e.g., payment by telephone, online, overnight mail, etc.); and
- 3. Hours of operation when customer service and collection staff can be reached directly.

Tab 10 – Cost to the Borrower

The Offeror shall describe its approach to processing fees charged to borrowers for services rendered in the course of servicing single family residential loans (i.e., processing of a

change in borrowers, loan payoff releases) and attach a schedule of all processing fees as an exhibit to the technical proposal. The schedule must include at minimum cost of assumptions, releases, partial releases, loan modifications, easements/rights of way processed, and any other fees related to the loans being serviced.

Tab 11 – Economic Benefit to the State of Maryland

- A. Offerors shall submit with their proposals a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of their performance of this contract. Proposals will be evaluated to assess the benefit to Maryland’s economy specifically offered.
- B. Proposals that identify specific benefits as being contractually enforceable commitments will be rated more favorably than proposals that do not identify specific benefits as contractual commitments, all other factors being equal.
- C. Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the contract term.
- D. As applicable, for the full duration of the contract, including any renewal period, or until the commitment is satisfied, the contractor shall provide to the procurement officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this section. These benefit attainment reports shall be provided quarterly, unless elsewhere in these specifications a different reporting frequency is stated.
- E. Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this contract:
 - 1. Generic statements that the State will benefit from the offeror’s superior performance under the contract;
 - 2. Descriptions of the number of offeror employees located in Maryland other than those that will be performing work under this contract; or
 - 3. Tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under this contract.
- F. Discussion of Maryland based employees or locations may be appropriate if the offeror makes some projection or guarantee of increased or retained presence based upon being awarded this contract.
- G. Examples of economic benefits to be derived from a contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:
 - 1. The contract dollars to be recycled into Maryland’s economy in support of the contract, through the use of Maryland subcontractors, suppliers and joint venture partners.

2. The number and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.
3. Tax revenues to be generated for Maryland and its political subdivisions as a result of the contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the contract.
4. Subcontract dollars committed to Maryland small businesses and MBEs.
5. Other benefits to the Maryland economy which the offeror promises will result from awarding the contract to the offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the contract award. Offerors may commit to benefits that are not directly attributable to the contract, but for which the contract award may serve as a catalyst or impetus.

5.3 PRICE PROPOSAL

Offerors must submit an unbound, clearly marked original and four (4) bound copies of the Price Proposal in a separate sealed enveloped titled “Sub-Servicer for DHCD Single Family Housing Loans– Price Proposal” and an additional electronic copy in MS Excel submitted on a CD with a label indicating the RFP number and title. The Price Proposal shall be submitted on the Price Proposal Form, Attachment F, and signed by an official authorized to bind the Offeror.

SECTION 6. EVALUATION PROCEDURE AND CONTRACT AWARD

6.1 EVALUATION COMMITTEE

The Procurement Officer shall establish an Evaluation Committee, which may include individuals from within or outside of State government. The Procurement Officer reserves the right to reject in whole or in part any and all proposals received as a result of this RFP, to waive minor irregularities in proposals, and to enter into discussions with all responsible Offerors in any manner deemed necessary to serve the best interest of DHCD and the State. Offerors whose proposals are not accepted will be notified in writing.

6.2 SELECTION CRITERIA

All Offerors who appear to be responsible and whose proposals are initially classified as being reasonably susceptible of being selected for award (or potentially so) may be required to make oral presentations of their proposals and participate in discussions with the Evaluation Committee. Offerors will be notified as to a date for oral presentations/ discussions. Offerors must confirm in writing any substantive oral clarification of their proposal made in the course of discussions and all written clarifications will become part of the Offeror’s Technical Proposal.

1. The first level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State’s requirements and the Offeror’s ability

to perform, and to facilitate arrival at a contract that will be most advantageous to the State. The Procurement Officer will contact Offerors when the schedule is set by the State.

2. Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.
3. The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.
4. When in the best interest of the State, the Procurement Officer may permit Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

6.3 TECHNICAL PROPOSAL EVALUATION CRITERIA

The Evaluation Committee will conduct their evaluation of the Technical Proposals received on the basis of the following criteria in descending order of importance:

- A. Experience, as described in Section 5.2, Tab 4.
- B. Financial Soundness, as described in Section 5.2, Tab 5.
- C. Approach to Services, as described in Section 5.2, Tab 6.
- D. Organization and Key Personnel, as described in Section 5.2, Tab 7.
- E. Agency Performance Rating and References, as described in Section 5.2, Tab 8.
- F. Accessibility to Borrowers and Investors, as described in Section 5.2, Tab 9
- G. Cost to the Borrower, as described in Section 5.2, Tab 10.
- H. Economic Benefits, as described in Section 5.2, Tab 11.

6.4 PRICE PROPOSAL SELECTION CRITERIA

Price Proposals will not be opened until the evaluation of the Technical Proposal is complete. The Price Proposal evaluation will be based upon the prices submitted by the Offeror on Attachment F – Price Proposal Form, and best and final offers, if any.

- A. Loan Servicing Price Evaluation. The Evaluation Committee will analyze Price Option #1 - Fixed Flat Fee and Price Option #2 - Tiered Loan Status as proposed by Offerors to determine the loan servicing price configuration that is most advantageous to the State. The Committee will then rank the most advantageous loan servicing prices in order from lowest to highest cost to the State.

6.5 WEIGHTING OF TECHNICAL AND PRICE PROPOSALS

The Technical Proposal will have more weight than the price proposal in determining the most advantageous offers.

6.6 CONTRACT AWARD

It is DHCD's intention to award contracts to up to two (2) Offerors whose proposals are determined to be the most advantageous to the State and DHCD.

DHCD reserves the right to award only to one (1) Contractor if that is felt to be in the best interests of the State.

6.7 SELECTION CRITERIA

If two (2) Contractors are awarded a contract, DHCD will assign work to the Contractors on an as needed basis based upon the capacity of each Contractor and what is felt to be in the best interest of DHCD.